

## DRILLING UNDERWAY AT HEAVY RARE EARTH PROJECTS AND LOYALTY OPTIONS TO BE ISSUED TO SHAREHOLDERS

The Board of TUC Resources Limited is pleased to announce:

- ✓ The commencement of drilling operations at both the Scaramanga and Stromberg Heavy Rare Earth Prospects;
- ✓ In conjunction with the recommencement of this new drilling program, the Board has resolved to recognise the loyalty of our shareholders with a two for five issue of free options.

### Drilling Program

In 2011 drilling at Stromberg confirmed the presence of significant near surface HREE mineralisation. A number of shallow, tabular mineralised zones returned excellent assay results over the full 2.3km strike length of the prospect. Significant at surface intersections included STRC53 - 8m @ 0.72% Total Rare Earth Oxides (TREO\*). Importantly, the prospect contains high levels of the critical and valuable Dysprosium and Yttrium averaging 7.5% and 64.9% of TREO respectively with HREE content at an impressive 85% of distribution.

Mineralisation at Stromberg is contained in the mineral xenotime which is known for its favourable and sought after flow sheet characteristics and known and proven extraction methods.

Geochemical survey and geological mapping work at the nearby Scaramanga Prospect (Figure 1) in the first half of 2012 confirmed the presence of a strong, 3km long HREE anomaly and Stromberg type geology. Drilling in progress at Scaramanga (initially six RC holes) is aimed at significantly increasing TUC's HREE mineral inventory.

The Scaramanga drilling phase is the first of a number of drill programs planned for the Stromberg HREE district (Figure 1) in the coming months. Other programs to follow shortly include:

- ✓ Twenty five resource definition RC holes at the Stromberg HREE prospect aimed at expanding the mineral inventory (Figure 2).
- ✓ A diamond drill program at Stromberg for metallurgical purposes (Figure 2).

### Loyalty Option Issue

The Directors have resolved to issue options to Shareholders on the basis of two options for every five shares held on the record date, which is expected to be during the second half of September 2012.

The purpose of the issue is to reward shareholders by creating an additional security for which a listing application will be made to ASX and which is intended to provide leverage to share price performance, particularly in the event of a successful exploration programme.

The options will be issued free, will be exercisable at \$0.20 per share and will expire on 15th August 2014.

The option issue will be subject to lodgement of a transaction specific prospectus with ASIC and the ASX, and the entitlement timetable will commence when that is completed. This completion of process is expected to be during the second week of September 2012.

Photo 1 - RC drill rig at Scaramanga HREE Prospect - current drilling



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To:  
Manager Announcements  
Companies Announcements Office  
Australian Stock Exchange Limited  
10th Floor, 20 Bond Street  
SYDNEY NSW 2000

#### Registered Office

TUC Resources Ltd  
15 Lovegrove Close,  
Mount Claremont, WA 6010

Tel: 08 9384 3284  
Fax: 08 9284 3801

E: [info@tucresources.com.au](mailto:info@tucresources.com.au)  
W: [www.tucresources.com.au](http://www.tucresources.com.au)

ABN: 94 115 770 226

#### Main Office

Level 10, 553 Hay Street  
Perth, WA 6000

Tel: 08 9325 7946  
Fax: 08 8947 5217

#### Company Management

Peter Harold  
Non-Executive Chairman

Ian Bamborough  
Managing Director

Anthony Barton  
Non Executive Director

Michael Britton  
Non Executive Director

Leon Charuckyj  
Non Executive Director

Graeme Boden  
Company Secretary

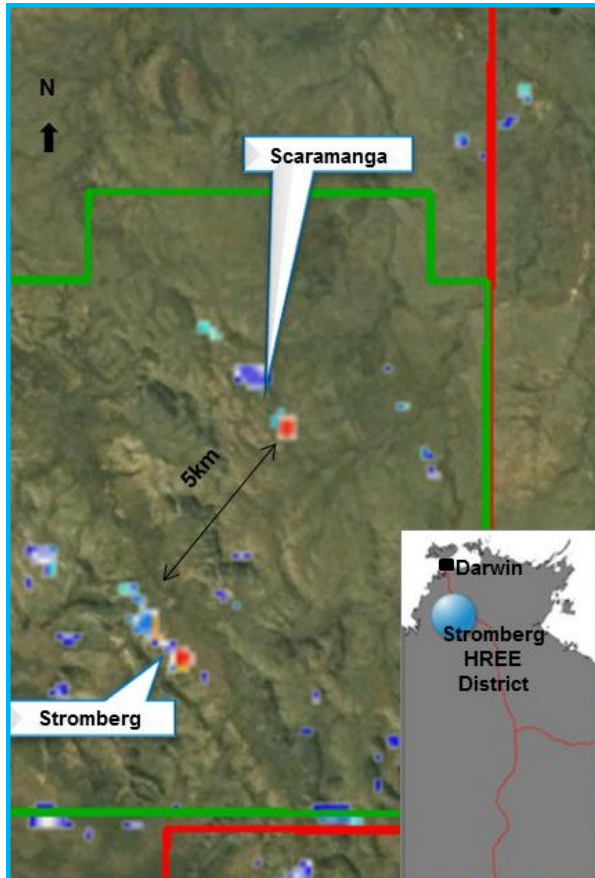


Figure 1 - The Stromberg HREE District; exploration targets defined by radiometric anomalies on satellite imagery; TUC tenement holdings (green- granted tenements, red-applications tenements).

Figure 2 illustrates planned infill and extensional drilling at Stromberg. Exploration is designed to increase confidence in, and potentially the size of, the mineral inventory at Stromberg towards initial resource estimate calculations. Proposed diamond drilling will provide important information for the next stage of metallurgical testing and planning.

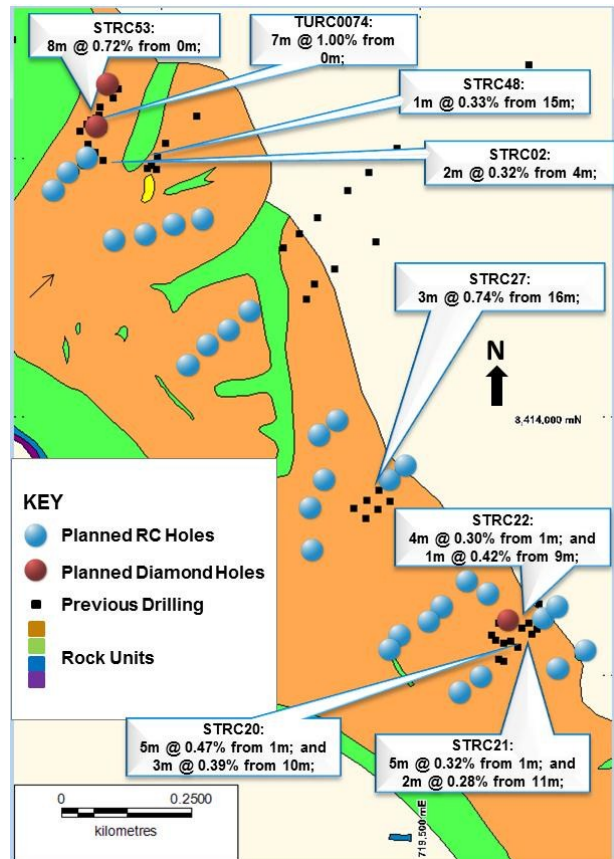


Figure 2 - Stromberg HREE Prospect Drilling Plan; significant intercepts over prospect strike length in TREO% (>0.2% TREO cut-off, < 1m internal dilution) and planned RC and Diamond holes on basic geology map.

For further information please contact:

**MR IAN BAMBOROUGH**

Managing Director  
TUC Resources Ltd

08 9325 7946 or [ibamborough@tucresources.com.au](mailto:ibamborough@tucresources.com.au)

\*Total Rare Earth Oxides (TREO's) have been calculated by addition of common oxide values for Ce, Dy, Er, Eu, Gd, Ho, La, Lu, Nd, Pr, Sm, Tb, Tm, Yb, Y. REO values have been calculated from rare earth element (REE) ppm grades after analysis by lithium-metaborate fusion and ICPMS, where possible, or by HF/multi acid digest and ICPMS. The total REO is calculated as the sum of all REE as REE<sub>2</sub>O<sub>3</sub>, with the exception of Ce, Pr and Tb; which are calculated as CeO<sub>2</sub>, Pr<sub>6</sub>O<sub>11</sub>, and Tb<sub>4</sub>O<sub>7</sub> respectively, in accordance with geochemical conventions.

\*\*Heavy Rare Earth Elements HREE's = Dy, Er, Ho, Lu, Tb, Tm, Yb, Y;  
Medium Rare Earth Elements MREE's = Gd, Eu, Sm;  
Light Rare Earths LREE's Ce, La, Pr, Nd.

TUC Resources Ltd holds approximately 18,000km<sup>2</sup> of prospective land package across 43 (33 under application) tenements making it one of the biggest ground holders in the Northern Territory of Australia. The business holds eight consolidated project areas across several key geological and metallogenic terrains, affording it some opportunity to diversify exploration into many commodities.

The information in this report relates to exploration results compiled by Ian Bamborough, who is a Member of The Australian Institute of Geoscientists. Ian Bamborough is a fulltime employee of TUC Resources Ltd. Ian Bamborough has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ian Bamborough consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.